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Competitive Acquisition Program (CAP) for Part B Drugs and Biologicals – Claims Processing

Key Words

J1, J2, J3, JW, Modifier, No-Pay, Furnish as Written, Restocking, Emergency, Electronic, CMS-1500 Claim Form, Claim, Administration

Provider Types Affected

Physicians participating in the CAP for Part B drugs and biologicals

Background

If a physician elects to participate in this program, certain claim requirements are needed to ensure proper processing and payment of the drug administration claim. A methodology in the claims processing system will be implemented to match the CAP vendor drug claim with the claim for physician administration of the drug.

Participation

- The CAP is open to any provider, including Physician Assistants and Nurse Practitioners, enrolled as a Medicare Part B provider with authority to prescribe or order Medicare Part B drugs.
- Participation in the CAP is voluntary but providers must elect to participate during annual election periods.

Timeline

- The first CAP period is July 1, 2006 to December 31, 2006.
- CAP claims processing begins on July 1, 2006 for physicians who submitted their forms by June 2, 2006.
- The CAP election period has been extended to June 30, 2006. For physicians who submit CAP election forms after June 2 that are postmarked by June 30, 2006, CAP claims processing will

begin on August 1, 2006. Physicians electing to participate in the CAP during this period will be contacted by Bioscrip Inc., the approved CAP vendor, by July 28, 2006, to confirm that they may begin ordering CAP drugs as of August 1, 2006.

- For 2007 and subsequent years, the CAP program will run from January 1 to December 31 with a 45-day physician election period occurring in the fall.

Key Points

- All Local Coverage Determinations (LCDs) will continue to apply to drug administration and CAP claims.
- Services unrelated to the CAP should be billed on a separate claim.
- Under the CAP, the drug claim will only be paid after the drug administration claim has been paid.
- Drug administration charges will continue to be paid by the physician's local carrier.

Claims Submission

- Physicians must submit drug administration claims within 14 days of the date of administration of the drug.
- Claims for the CAP drug administration will include a service line for the administration and a no-pay service line for each drug prescription.
- The administration code and the drug no-pay line must be submitted on the same claim. If a claim is submitted with only a drug code and a no-pay modifier, the claim will be rejected.

Modifiers

- No-pay service lines shall include a HCPCS drug code and the no-pay modifier, J1. The billed charge will be the regular billed charge for the drug.
- The J1 modifier should be billed in the first modifier position, directly behind the HCPCS drug code, in Item 24D in the CMS-1500 claim form or the ANSI 4010A1 equivalent.
- Claims will be denied or rejected if the prescription number is not submitted on a claim containing the J1 no-pay modifier or if a prescription number is submitted but the no-pay modifier is not.
- When billing for a drug claim to replace a drug given in an emergency situation, the modifier J2 must also be added to the drug service line, in addition to the no-pay J1 modifier. This will signify this drug was to restock the one given in an emergency situation.
- When billing a "furnish as written" drug claim, the modifier J3 must be added to the drug service line to allow payment under the ASP methodology, rather than under the CAP program. (The J1 modifier would not be submitted in this situation).
- When billing for a drug from a single-use vial for wastage (drug or portion of a drug that is not administered), the JW modifier should be added to the administration service line, if your local carrier currently accepts this modifier. The unused portion of a drug remaining in an open single-use vial can be billed under the CAP program, but only if the CAP physician has made good faith efforts to minimize the unused portion of the CAP drug in how they scheduled

patients, ordered, accepted, stored, and used the drug, to minimize the unused portion of the drug.

Prescription Numbers

- Prescription numbers will be developed by the approved CAP vendor and can be up to 30 digits long and consist of a four-digit vendor ID number, the HCPCS code and the vendor assigned prescription number.
- The prescription number provided by the CAP vendor must be reported in Item 19 on the CMS-1500 claim form. For ANSI 4010A1 electronic claims, the prescription number is reported in the 2410 claim detail loop in the REF 02 segment. The REF qualifier is XZ, pharmacy prescription number.

National Drug Code

- As the National Electronic Data Interchange Transaction Set Implementation Guide for Professional Claims requires the entry of the National Drug Code (NDC) number in the LIN segment in order to enter the prescription number, the NDC will be required as well. The NDC must be submitted in the 2410 claim detail loop, using the LIN segment, element 3 with LIN element 2=N4 (the product/service ID qualifier).

For More Information

For claims processing questions, participating CAP physicians should contact their local carrier. For general CAP information, participating CAP physicians should contact their local carrier. If the local carrier cannot answer the question, physicians may contact the designated CAP carrier, Noridian Administrative Services at 888-671-0536 (CSR line).

Important Links

http://www.cms.hhs.gov/CompetitiveAcquisforBios/